

Minimum Prudent Standards 2004 CDFI Program – Financial Assistance Component

The 2004 FA Component application includes the following standards to serve as benchmarks in the Financial Health and Viability and Management and Underwriting sections of the application. For each of these sections, the evaluation of the Applicant will be based on the submission of the required documents, completion of applicable charts and narrative explanations to the ratios.

Portfolio Quality

	Non-Regulated Entities <i>Historic: 3-Yr Average</i>			
	<i>Affordable Housing-First Lien</i>	<i>Affordable Housing-Subordinate Lien</i>	<i>Business</i>	<i>Micro & Consumer Loans</i>
Portfolio-At-Risk (PAR)	$\leq 3.00\%$	$\leq 6.00\%$	$\leq 9.00\%$	$\leq 11.00\%$
Annual Net Loan Loss Ratio	$\leq 1\%$	$\leq 3\%$	$\leq 5\%$	$\leq 9\%$
Loan Loss Reserves	$.5 \text{ PAR} \leq \text{LLR} \leq 1.5 \text{ PAR}$			
	Insured Credit Unions and State-Insured Credit Unions <i>Historic: Last completed FY</i>			
Portfolio-At-Risk (PAR)	Delinquent Loans/Total Loans $\leq 3.5.0\%$			
Annual Net Loan Loss Ratio	Net Charge offs/Average Loans $\leq 0.75\%$.			
Provision for losses	Comparing FY02 and FY03, Applicant's dollar amount of provision for loan losses changed by same percentage and direction as the change in the dollar amount of delinquent loans.			
	MPS Insured Depository Institutions and Depository Institutions Holding Companies <i>Historic: Last completed FY</i>			
Portfolio-At-Risk (PAR)	Non current Loans & Leases/Total Loans & Leases $\leq 2.0\%$			
Annual Net Loan Loss Ratio	Net Loss/Average Total Loans & Leases $< 0.5\%$			
Provision for losses	Loans & Leases Allowance/Total Loans & Leases $\geq 0.5 \text{ PAR}$			

Equity Investment Valuation Chart

Equity Investment portfolios are based on the chart below, rather than on MPS.

	Base FYE 2001		Last Completed FYE 2003		Current FY-Year to Date 2004					
Equity Investments	# Investments	\$ Invested	# Investments	\$ Invested	# Investments	\$ Invested				
Total Portfolio		\$		\$		\$				
Total Portfolio Value (net)	\$		\$		\$					
Unrealized gain or losses ()	\$		\$		\$					
Realized Gains or Losses ()	\$		\$		\$					
Change in Portfolio Valuation										
Date of Fund inception (year began raising capital for equity fund)	____ (mm)/ ____ (yyyy)									
Projected rate of return provided to investors at fund inception	_____ %									
Actual rate of return provided to investors	_____ %									
Briefly explain how the applicant determined the \$ Value of its Equity Investment portfolio for each of the last completed FY.										
If the Applicant has sustained losses in its portfolio in the last three completed fiscal years explain the circumstances of such losses.										

Financial Health & Viability

	Non-Regulated Entities	Insured Credit Unions and State-Insured Credit Unions	Insured Depository Institutions and Depository Institution Holding Companies
	<i>Historic: 3-Yr Average Projected: 3-Yr Average</i>	<i>Historic: Last completed FY Projected-3-Yr Average</i>	<i>Historic: Last completed FY Projected-3-Yr Average</i>
Capital	Non Profit: Net Assets/ Total Assets $\geq 25\%$ For Profit: Shareholders Equity/ Total Assets $\geq 25\%$)	Net Worth/Total Assets $\geq 6\%$	Tier 1 Leverage Capital $\geq 8\%$
Deployment	Deployment Ratio $\geq 50\%$	Total Loans/Total Shares $\geq 60\%$	Total Loans/Total Deposits $\geq 65\%$
Earnings	Net Income $\geq \$0$	Return on Average Assets $\geq 0.75\%$	Net Operating Income/Average Assets $\geq 0.65\%$
Self-sufficiency	Self-Sufficiency Ratio, Non-Profit: $\geq 40\%$ Self-Sufficiency Ratio, For-Profit: $\geq 70\%$	N/A	N/A
Capital Liquidity	Current Ratio ≥ 1.0	Asset-Liability Management: Investments w/ maturity or re-pricing period of less than 1 yr /Total Investments $\geq 46\%$	Asset Liability Management: Net Non Core Funding Dependence/Av. Assets $\leq 21\%$
Operating Liquidity	Operating Liquidity Ratio ≥ 1.0	N/A	N/A